



Defense Institute of Security Assistance Management

Discrepancy Reports



Causes of Discrepancies

- **Mistakes**
- **Mishandling**
- **Misinterpretation**
 - **Partial shipments**
 - **Missing documentation**
 - **Delivery listing does not match actual deliveries**



Categories of Discrepancy Reports

- **Product quality deficiencies**
- **Financial discrepancies**
- **Transportation discrepancies**
- **Supply discrepancies**



Product Quality Deficiency Reports (PQDR)

- **Customer reports deficient new or reworked materiel for the purpose of obtaining corrective action from Item Manager.**
- **Customer submits report on SF 368 to Item Manager**
- **No money credited to FMS case**
- **Customer must also submit SF 364, Supply Discrepancy Report for refund.**



Financial Discrepancies

**Incorrect charges/surcharges
reflected on the LOA:**

- **Transportation costs of stock funded items to the freight forwarder**
- **Incorrect administrative percentage**
- **Nonrecurring costs waived, yet collected**
- **DTS rates charged on LOA, but transportation arranged by customer**
- **Customer submits letter/message to DFAS for correction**



Transportation Discrepancies

- **Shipper:** Item is damaged before title transfers.
- **Carrier:** Item is lost/damaged after title transfers, between point of origin and point of delivery (DTC on LOA).
- **US Representative** either in country or at the US depot reports damages or losses in DTS on SF 361, Transportation Discrepancy Report. No reimbursement to customer.
- **Customer** reports loss/damage on SF 364, Supply Discrepancy Report, for possible reimbursement.





Supply Discrepancies

- **Packaging discrepancies:**
 - **Overages**
 - **Shortages**
 - **Damage**
- **Insufficient remaining shelf life**
- **Incorrect items**
- **Incorrect billing: Material is received but is omitted from, or duplicated, or incorrectly reflected in:**
 - **FMS Delivery Listing**
 - **FMS Reply Listing to customer requests for adjustments**
 - **Quarterly Requisition Report**
- **Missing shipments**
 - **Entire lots or partial shipments**



Supply Discrepancies

Packaging:

- **Improper packaging**
 - **container overloaded**
 - **improper distribution of contents**
- **Improper preservation**
 - **material is corroded**
- **Improper marking**
 - **identification markings omitted**
- **Improper unitization**
 - **skids or pallets omitted**
- **lack of dunnage or packing materials**

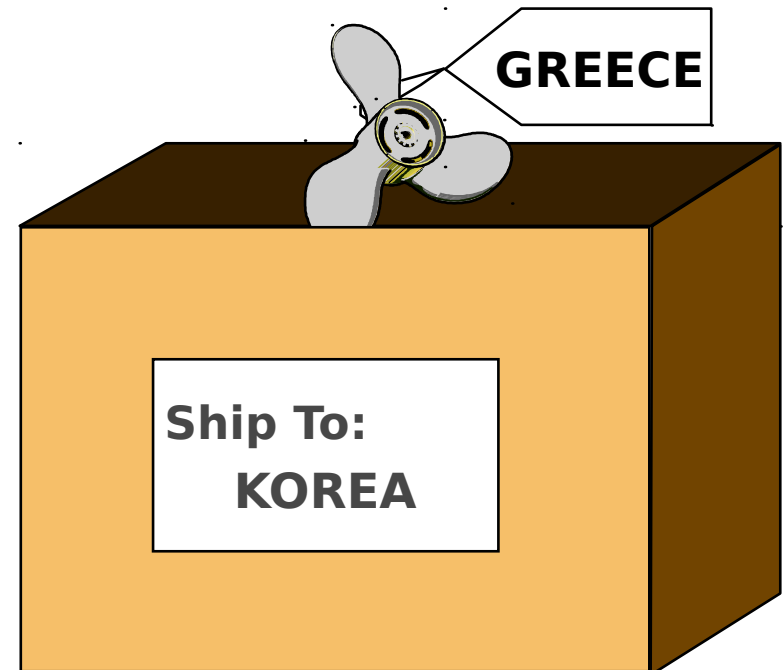
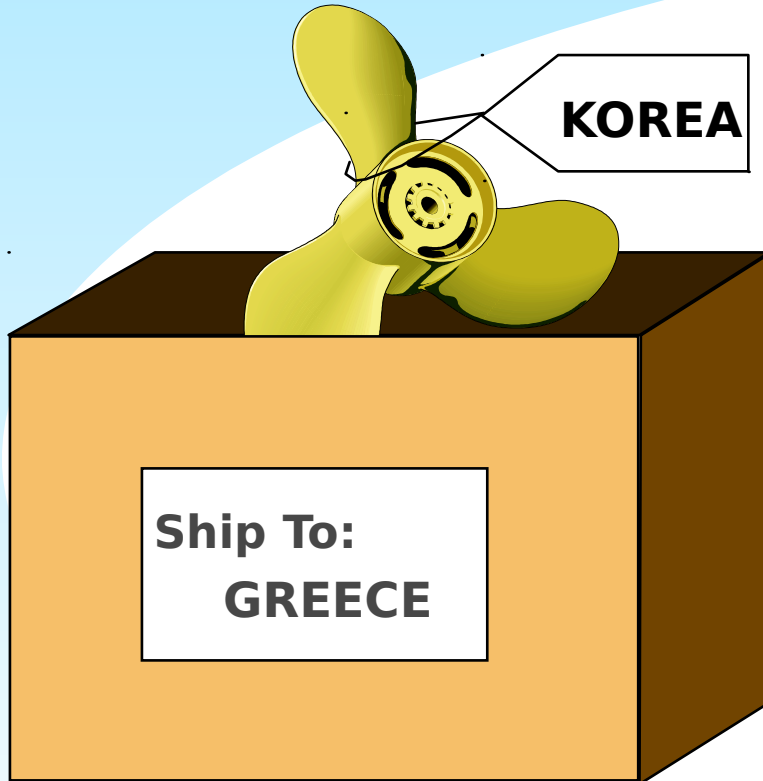


DoD Shelf-Life Policy

- **LIFO versus FIFO for international customers**
- **Type I not extendable**
- **Type II extendable with proper inspection and marking**
- **Product must have 12 months shelf-life remaining for international customers**
- **Use advice code 2G.**
- **Reference is DoD 4140.27-M, paragraph 4-10B**



Incorrect Items





MI\$TAKES

GY

TRANSPORTATION CONTROL NUMBER PGYA44 0259 0001	RDD	PROJECT	TRANS PRIORITY 1
FROM:			PIECE NUMBER
TO: (POE when applicable) HELLENIC LINE PIER FOOT 57TH STREET BROOKLYN NY 10230			TOTAL PIECES
POD (When applicable)			WEIGHT THIS PIECE
ULTIMATE CONSIGNEE OR MARK FOR GREEK: AIR FORCE			CUBE THIS PIECE

GR



Mislabeling FMS Material

Label on Shipping carton...

TRANSPORTATION CONTROL NUMBER PITC4413553583XXX	RDD	PROJECT	TRANS PRIORITY 1
FROM:			
TO: (POE when applicable) SAIMA AMERICA INC. 300 MIDDLESEX AVENUE CAETERET, NJ 07008-000			PIECE NUMBER
POD (When applicable)			TOTAL PIECES
ULTIMATE CONSIGNEE OR MARK FOR ITALIAN NAVY			WEIGHT THIS PIECE
			CUBE THIS PIECE

Material & Documents inside & outside box show this...

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80															3. SHIP FROM		3. SHIP TO																																																																																																																																				
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Document Number & Suffix WK4SUK21423017															5. DOC DATE															6.															7. RATE															8. TYP CARGO															9.																																																																										
National Stock Number & Add. 5310002859768															10. QTY REC'D															11. UP															12. UNIT WEIGH															13. UNIT CU															14. UPC															15. SL																																																											
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Supply Discrepancies

Billing:

- **Material is received but is omitted from, or duplicated, or incorrectly reflected in:**
 - **FMS Delivery Listing**
 - **FMS Reply Listing to customer requests for adjustments**
 - **Quarterly Requisition Report**



Supply Discrepancies

Missing Shipments:

- Purchaser accepts DD Form 645 or other delivery documents as evidence that title has passed and items have been delivered (LOA paragraph 5.4)
- Standard Form 364 used to submit claims.

REPORT OF DISCREPANCY (ROD)				1. DATE OF PREPARATION		2. REPORT NUMBER					
<input type="checkbox"/> SHIPPING <input type="checkbox"/> PACKAGING											
3. TO (Name and address, include Zip Code)				4. FROM (Name and address, include Zip Code)							
5a. SHIPPER'S NAME				5b. NUMBER AND DATE OF INVOICE		5c. TRANSPORTATION DOCUMENT NUMBER (CM, Rwydet, TCN, etc.)					
5d. SHIPPER'S NUMBER (Purchase Order/Depot, Contract, etc.)		5e. OFFICE ADMINISTERING CONTRACT		5f. REQUISITIONER'S NUMBER (Appropriation, Purchase Order, etc.)							
9. SHIPPING, BILLING, AND RECEIPT DATA				10. DISCREPANCY DATA			11.				
NSN/ART NUMBER AND NOMENCLATURE	UNIT OF ISSUE	QUANTITY SHIPPED/BILLED	QUANTITY RECEIVED	QUANTITY	UNIT PRICE	TOTAL COST	AC. 2 TION CODE				
1a)	1b)	1c)	1d)	1e)	1f)	1g)	1h)				
12. REMARKS (Continue on separate sheet of paper if necessary)											
1. DISCREPANCY CODES				2. ACTION CODES							
CONDITION OF MATERIAL C1 - Condition other than that indicated on shipping document C2 - Damaged prior to shipment C3 - Damaged after shipment C4 - Not received C5 - Damaged or mutilated C6 - Incomplete improper or without authority (indicate reason for report) MISSING MATERIAL M1 - Additional to shipping activity OVERAGE/EXCESS SHIPMENTS O1 - Quantity in excess of that receipt document O2 - Quantity in excess of that requested (MWR, MWR, etc.) PACKING DISCREPANCY P1 - Improper packaging P2 - Improper marking P3 - Improper unitization				PRODUCT QUALITY DISCREPANCIES Q1 - Defective material (Applicable to Good All Outlets) Q2 - Quantity less than that on receipt document Q3 - Quantity less than that requested (Other than unit of measure) Q4 - Non receipt of good, part, shipment, item Q5 - TECHNICAL DATA MISSING (i.e., Name, Part, etc.) Q6 - Missing Q7 - Legible or mutilated Q8 - Preliminary operational markings missing Q9 - Inspection data missing or incomplete Q10 - Preliminary operating data missing or incomplete Q11 - Missing Q12 - Missing Q13 - Preliminary data missing Q14 - Missing Q15 - Incorrect item requested (item as a separate copy in detail label) Q16 - Incorrect item requested Q17 - Incorrect item requested Q18 - Incorrect item requested Q19 - Incorrect item requested Q20 - Incorrect item requested Q21 - See remarks				1A - Disposition instructions required (Specify on remark) 1B - Material being returned (See 10) 1C - Supporting supply documents requested 1D - Material still required expedite shipment (See applicable to 10) 1E - Local purchase material to be returned at earliest opportunity within 10 days (Specify on remark) (See applicable to 10) 1F - Disposition of material requested (See applicable to 10) 1G - No action required, information 1H - No action required, information 1I - No action required, information 1J - No action required, information 1K - No action required, information 1L - No action required, information 1M - No action required, information 1N - No action required, information 1O - No action required, information 1P - No action required, information 1Q - No action required, information 1R - No action required, information 1S - No action required, information 1T - No action required, information 1U - No action required, information 1V - No action required, information 1W - No action required, information 1X - No action required, information 1Y - No action required, information 1Z - No action required, information			
13. FUNDING AND ACCOUNTING DATA											
14a. TYPED OR PRINTED NAME, TITLE, AND FACIL NUMBER OF PREPARING OFFICIAL				14b. SIGNATURE							
15. DISTRIBUTION ADDRESSES FOR COPIES											
364-103 7540-05-159-4442 (Previous edition is obsolete.) STANDARD FORM 364 (REV. 2-80) 15 APR 63 02 Prescribed by GSA FPMR 101-26.8											



Reports of Discrepancy Limitations & Restrictions

- **Any claim (except for non-shipment/ non-receipt of entire lot) received after 1 year from passage of title to article or scheduled performance of service are disallowed unless USG determines that circumstances involving latent defects justify consideration.**
- **Non-shipment/non-receipt of entire lot claims received after latter of 1 year from passage of title or 1 year from initial billing are disallowed.**
- **Discrepant articles returned to USG within 180 days.**



Criteria: Time

**Claim must
be
submitted
within one
year of
title**

transfer!

C.6.4.9.1

Letter of Offer and Acceptance

“Any claim (except for non-shipment/ non-receipt of entire lot) received after 1 year from passage of title to article scheduled performance of service are disallowed unless the USG determines that circumstances involving latent defects justify consideration. (LOA para 5.4)”



Criteria: Value

**Claim must
have a value
of at least
\$200,
including
transportation**

Letter of Offer and Acceptance

*"DoD will not accept claims related
to items of \$200 or less for
overages, shortages, damages, non-
shipment, or non-performance."
(LOA para 5.4)*

**SAMM
C.6.4.9.2**

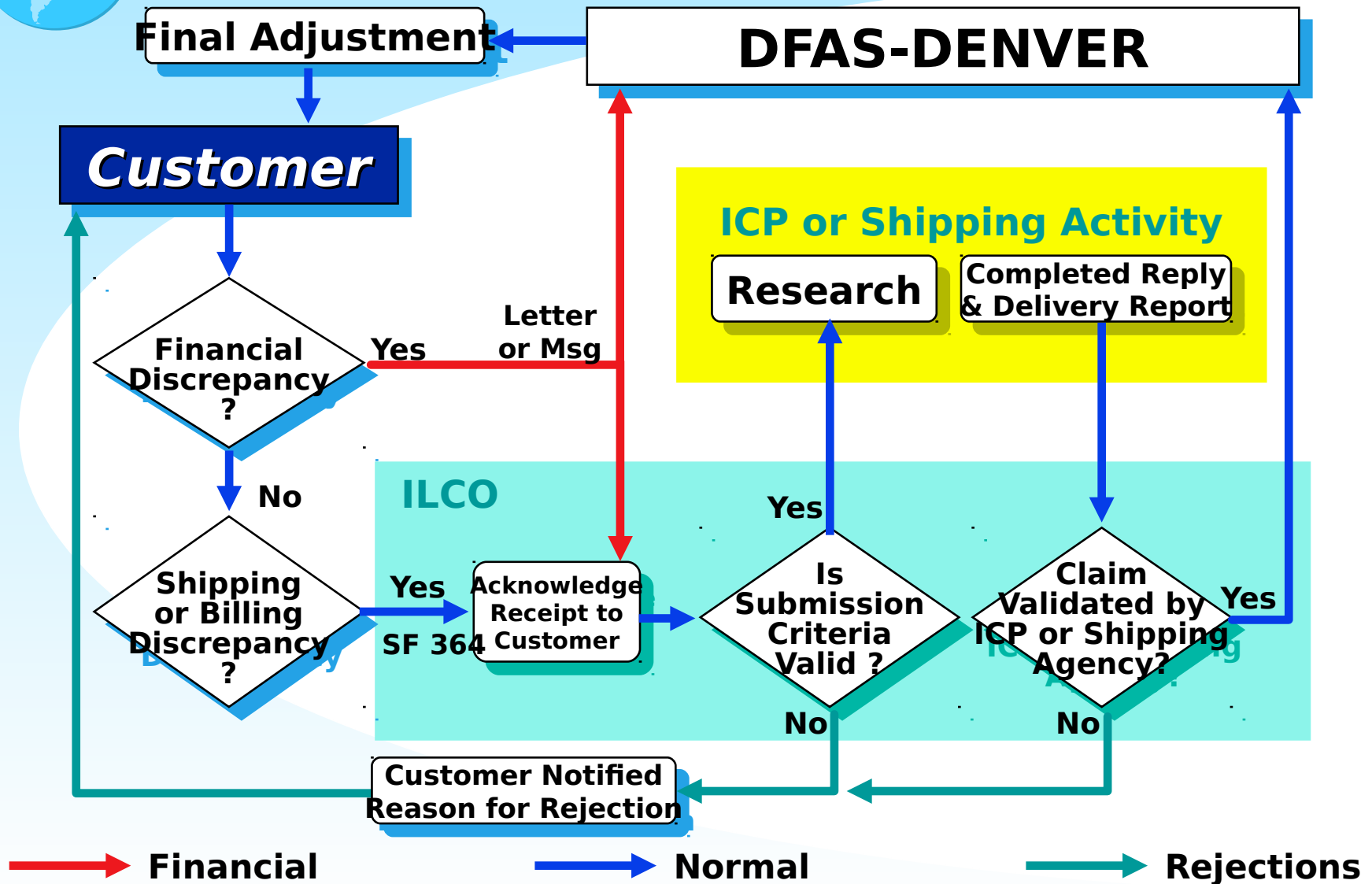


Purchaser Review

- **Research in-country records**
- **Verify type of discrepancy**
- **Estimate cause of discrepancy**
- **Determine channel of submission**



SDR Process





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